GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5359
ANSWERED ON:29.04.2005
WAIVING OFF LOANS
Modi Shri Sushil Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government of Bihar have requested the Union Government to waive off loan amount taken from the State Bank of India by rhe riots victims of Bhagalpur which took place in 1989.

(b) if so, the details thereof;

(c) whether the Government proposes to waive off the said loans; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATF. IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Yes, Sir. Government of Bihar (Ministry of Industry) had requested the Government of India (Ministry of Finance) in June, 1999 that Central Government should treat the Bhagalpur riots on par with the 1984 riots and consider waiver of Principal and interest amounting to Rs. 2,32,97,059.

(c) and (d) Government is not in favour of any loan waiver scheme because of its possible adverse impact on the recoveries and financial discipline. However, immediately after the 1989 Bhagalpur riots, all scheduled commercial banks were advised by RBI in November, 1989 to extend relief and rehabilitation assistance to the affected people in terms of the standing guidelines issued to banks in this regard in August, 1984. The relief provided to November, 1984 riot victims was due to extraordinary circumstances and wide-spread nature of riots.